Financial Audit Presentation
Year Ended June 30, 2018

TOWN OF SURFSIDE BEACH
2018 FINANCIAL AUDIT

OPINION
➢ The Town’s responsibility:
➢ Maintain effective internal controls
  ➢ There are limitations on internal controls.
  ➢ Regular risk assessment is important, including assessing the risk of fraud.
➢ Financial Statements
  ➢ Accuracy, completeness, and propriety of balances, amounts, and disclosures
TOWN OF SURFSIDE BEACH
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➢ Greene Finney, LLP’s ("GF LLP") responsibility:
  ➢ Opinion – reasonable assurance that financial
    statements are materially correct
  ➢ Does not address the financial condition of the Town
  ➢ Purpose of the audit is not to detect fraud. GF LLP cannot
    take responsibility for finding fraud, if it existed
  ➢ Issued unmodified opinion

TOWN OF SURFSIDE BEACH
2018 FINANCIAL AUDIT

General Fund
- Total fund balance increased $414k to $4.6m
- Nonspendable fund balance of $105k (prepays, inventories, and advances)
- Restricted fund balance of $44k for Victim's Advocate and Police K-9 Dogs
- Committed fund balance of $800k for disaster recovery
- Assigned fund balance of $1.3m for capital replacements, land, meters, and parking

GENERAL FUND

![Diagram showing Total Fund Balance from 2014 to 2018]
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General Fund
- Unassigned fund balance is $2.4m, which is 36% of actual 2018 expenditures and 31% of budgeted 2019 expenditures
- GFOA recommends a minimum of 16.7% (two months)
- Town policy is four months (33%) of expenditures

TOWN OF SURFSIDE BEACH
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- Major Reasons To Maintain An Adequate Fund Balance:
  - Cash flow through second half of calendar year; property taxes and business licenses are cyclical
  - Unique requirements for a beach coastal municipality
  - Significant emergencies and unanticipated expenditures
  - Flexibility for discretionary funding needs
  - Potential for better interest rates on debt issues, which can save the Town money
  - To cover potential shortfalls from the state
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General Fund Revenues:
- **$6.2m for 2018:**
  - $2.9m from property taxes
  - $1.8m from licenses and permits
  - $677k from franchise fees
  - $228k in parking revenues
  - $327k in intergovernmental revenues
  - $274k for all other revenues
- **$130k (2%) decrease from 2017**
- **$176k (3%) over budget**
  - License and permit revenues were $81k over budget
  - Intergovernmental revenues were $115k over budget

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General Fund Expenditures:
- **$6.6m for 2018:**
  - $1.4m in general government
  - $3.1m in public safety
  - $375k in grounds
  - $914k in street
  - $907k in other expenditures
- **$195k (3%) under budget**
- **$406k (7%) increase from 2017 primarily due to:**
  - $242k increase in General Government
  - $140k increase in Public Safety
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Totals for All Governmental Funds
- Includes General, Accommodations Tax, Hospitality, Local Accommodations Tax, Capital Projects, and Police Drug Funds
  - Revenues - $9.4 million
  - Expenditures - $8.8 million

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Enterprise Funds
- The Sanitation Enterprise Fund had an increase in net position of $186k compared to an increase of $247k in the prior year:
  - Sanitation Fund operating revenues were flat, increasing $25k, or 2%, from the prior year
  - Sanitation Fund operating expenses were flat, decreasing $2k from the prior year
  - Sanitation Fund grant revenue decreased $136k from the prior year primarily due to FEMA reimbursements received in the prior year related to Hurricane Matthew
Enterprise Funds (Continued)

- The Pier Enterprise Fund had an increase in net position of $136k compared to a decrease of $127k in the prior year:
  - Pier Fund operating revenues decreased $136k, or 32%, from the prior year
  - Pier Fund operating expenses decreased $41k, or 23% from the prior year
  - The Pier was significantly damaged by Hurricane Matthew in October 2016 and was further damaged by Hurricane Irma in 2017.

Other Items of Note:

- Total capital assets after depreciation were $18.1m at June 30, 2018 – increase of $873k from June 30, 2017
- Key capital asset events for FY 18 were as follows:
  - Additions of $2.2m included:
    - 4th Ave Bridge replacement and other improvements - $767k
    - Construction in Progress - $971k (primarily related to road resurfacing and pier restoration)
    - Purchases of various vehicle, equipment, and other capital assets - $442k
    - Depreciation expense - $1.2m
  - Lease purchase obligations outstanding were $219k
  - Net pension liability of $7.5m
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Compliance
• No findings, significant deficiencies, or material weaknesses were noted.
• Because the Town's Federal grant expenditures did not exceed $750k during 2018, a Single Audit was not required

Management Letter
• Required communications to management and those charged with governance — no matters to report.

TOWN OF SURFSIDE BEACH
2018 FINANCIAL AUDIT

Summary
• Unmodified opinion on the Financial Statements from GFLLP
• Good financial condition as of June 30, 2018